



FOREIGN POLICY BULLETIN

An interpretation of current international events by the Research Staff of the Foreign Policy Association

FOREIGN POLICY ASSOCIATION, Incorporated

22 East 38th Street, New York 16, N. Y.

Vol. XXIII, No. 41

JULY 28, 1944

NAZI ARMY PURGE MAY EASE ALLIES' POSTWAR TASK IN GERMANY

THE dramatic series of events unleashed by the attempted assassination of Hitler on July 19, and the Cabinet changes in Tokyo that followed American occupation of Saipan, at moments tended to overshadow the tempestuous Democratic party convention of July 19-21. The rigid censorship imposed on news from Germany makes it difficult to estimate the events of the past bloody week with any degree of accuracy. It has long been known that there was a bitter feud between the General Staff of the German Army and Hitler's Elite Guard or SS, sworn to loyalty to the Fuehrer. And it had been often predicted that, when any fissure appeared in the outwardly ironclad home front, it would be caused by a revolt of the Army against Hitler—for one reason above others because the armed forces alone have the necessary weapons at their disposal.

TERROR COMES FULL CIRCLE. Hitler's own impassioned speech of July 20, and the statements of Goering and others, would indicate that a group of high officers—belonging apparently to the Junker group whom the Fuehrer derided as "nobility"—attempted to wrest power from the Nazis. But it looks more and more as if this coup was connected with the determined drive of Heinrich Himmler, dreaded head of the Gestapo and the SS, to wrest military power from the General Staff. On the eve of the attempt on Hitler's life it had been reported from Stockholm—presumably via German sources—that Himmler would soon be appointed virtual dictator of Germany, supervening the authority of the Army. This plan, which may have crystallized the opposition of rebel officers, could be carried out with all the greater ease once Hitler, following the July 19 coup, announced the need to "restore order" in Germany. The coup also gave him an opportunity to rally the Germans to a supreme effort against the United Nations. Today the terror that had been turned full blast in the early years of Nazi rule against Jews and

so-called pacifists, socialists and communists and, later, after the outbreak of war, against movements of resistance in all conquered countries, is being wreaked on the German people. No Wagnerian opera could match this grim tale of victims avenged by the very methods used to destroy them. The Army—last stronghold of what may have been regarded as tradition and sanity in Germany—is now being battered down by the Nazis, in part, perhaps, because some of the high officers would not acquiesce in the "blood bath" methods the Nazis threaten to use throughout Europe.

TWILIGHT OF GENERAL STAFF? From the point of view of the Allies—inhumane as this may sound—there is a distinct advantage in having the Nazis themselves blame the revolt squarely on Army officers (not on weak-kneed "socialists" or "liberals" as Hitler had done before 1933); and in having them dispose of members of the General Staff and other high officers. Had these officers succeeded in their attack on Hitler, this would not necessarily have proved a propitious turn of events for the United Nations. For they would probably have sued for peace, even on terms of "unconditional surrender," instead of fighting to what they consider a hopeless bitter end, so as to salvage the very considerable military and economic strength still possessed by Germany for a future trial of arms. In this respect the interview given by Lieutenant General Edmund Hoffmeister, a German prisoner in Moscow, is illuminating. He did not express any regret for the havoc and suffering wrought by the German Army from end to end of Europe. What he regretted—analyzing them with scientific precision—were the strategic mistakes made by the Nazis in Russia, mistakes which, presumably, he and his associates, if given another chance, would strive on some future occasion to correct. The replacement of Nazi leaders by Army officers would introduce a certain element

of rationalism into the German situation—but would not eliminate the danger of German militarism. True, some German officers proved less brutal than Nazi leaders in conquered countries. But they were either unwilling or unable to prevent acts which did not conform with their military code—and thus became accomplices of the Nazis. If, by an ironic twist of fate, Hitler should now exterminate the very people who from the start supported his rise to power because it offered hope of German remilitarization and expansion, that might take off our hands the difficult problem of what to do with the German General Staff after defeat of the Reich.

It must be hoped that, as events move rapidly to a climax in Europe, the United Nations have elaborated some specific plans about the treatment of Germany. So far only the most meager intimations have trickled into the press concerning the work of the European Advisory Commission in London, in which representatives of the United States, Britain and Russia have been discussing the future of Germany—regrettably without the official assistance of many of the countries that have suffered most from German conquest, notably France. The Russians have the advantage over Britain and the United States in that they have encouraged the formation in Moscow of the Free German Committee, among whose members are German Army officers, who in this crisis have broadcast urgent appeals to the German people to overthrow Hitler. But obviously it will not be enough to eliminate the Nazis, or even to find an alternative government which would accept unconditional surrender. The most important step to prevent the resurgence of a militant Germany is the formation of a really strong and effective international organization that could assure the Germans an opportunity to live at peace with their neighbors, but would check any attempt by them to resume a career of conquest.

DEMOCRATS STRESS WORLD ORGANIZATION. The need for a strong international organization is stressed by the Democratic party platform adopted on July 20 in somewhat more precise terms than by the Republicans. Historically, the Democrats have only a tenuous justification for their claim that the Democratic administration "awakened the nation, in time, to the dangers that threatened its very existence," and "succeeded in building, in time, the

best-trained and equipped Army in the world, the most powerful Navy in the world, the greatest Air Force in the world, and the largest merchant marine in the world." One might well ask—"in time" for what? In time to witness the conquest of most of Europe by Germany and most of Asia by Japan? Just as the Democrats cannot claim a monopoly of clairvoyance about foreign policy before 1939, neither can they claim a monopoly of the vast effort that has since gone into the building of the nation's armed forces—an effort in which all citizens, irrespective of party labels, have loyally participated.

In looking to the future, the Democratic party platform adopts for the most part the wording of President Roosevelt's statement of June 15.* It favors the establishment of an international organization "based on the principle of the sovereign equality of all peace-loving States, open to membership by all such States, large and small, for the prevention of aggression and the maintenance of international peace and security." Such an organization, it declares, "must be endowed with power to employ armed forces"—as contrasted with the Republican phrase "peace forces"—"when necessary to prevent aggression and preserve peace." The party pledges itself "to make all necessary and effective agreements and arrangements through which the nations would maintain adequate forces to meet the needs of preventing war and of making impossible the preparation for war and which would have such forces available for joint action when necessary."

The Democrats have found it as impossible as the Republicans to explain how an organization of sovereign nations will be able to take measures—such as the joint use of armed forces—which to many people may appear as an impairment of sovereignty. Much educational spadework remains to be done by both major political parties on problems of world organization—and some of it will doubtless be done during the forthcoming campaign in answer to searching questions now being asked by the voters. And meanwhile United States proposals for world organization will be discussed in Washington during coming weeks with representatives of Britain, Russia and China.

VERA MICHELES DEAN

*"Republican Platform Shows Contradictions on Foreign Policy," *Foreign Policy Bulletin*, July 7, 1944.

BRETTON WOODS AGREEMENTS FACE CONGRESSIONAL TEST

The proposals for a Stabilization Fund and an International Bank for Reconstruction and Development which have come from the Monetary Conference concluded at Bretton Woods on July 23 are the first plans for permanent post-war agencies to be sponsored by the United Nations. Not since the ill-fated London Economic Conference of 1933 have so many nations met to discuss such broad economic

and financial problems. The agreements which the delegates have signed—without recommendations—will now be presented to their respective governments for final action. The provisions for the Stabilization Fund and the International Bank will be closely scrutinized both from the point of view of the economic objectives of these two institutions, and of the character and structure of the post-war organ-

ization the United Nations intend to establish.

UNITED NATIONS PROGRAM. In his final message to the conference on July 22 Secretary Morgenthau summarized the purpose of the program outlined at Bretton Woods. He indicated that a revival of international trade is indispensable if full employment is to be achieved. The Fund would provide a reasonably stable standard of international exchange, and nations would be able to avoid the ruinous trade tactics of the pre-war years. Financial aid would be made available through the proposed Bank both for reconstruction needs in countries devastated by the war and for the development of the economic resources of other nations.

"Long-term funds must be made available," the Secretary said, "to promote sound industry and increase industrial and agricultural production in nations whose economic potentialities have not yet been developed. . . . They must be enabled to produce and sell if they are to be able to purchase and consume." This program implies the necessity for the United States to buy as well as sell goods in the international market, for it is essential that this country offset its export surpluses by imports in order to maintain a regular outflow of capital—in other words an adequate supply of dollars on the world money market. Implicit in this reasoning are the need for changes in the tariff policy of this country and the recognition that we must undertake major lending obligations in accordance with our position as the world's greatest creditor nation.

The Bretton Woods proposals for monetary stability and international loans have occasioned much criticism. The most telling objection is that the schemes agreed upon by the conference presuppose the solution of broader problems in the field of international trade. Many of these have not, in fact, been dealt with. There is little evidence in this country that a major revision of our tariff policy would be politically feasible at this time. In Britain, public demand for a policy of full employment may necessitate external fiscal policies that will be difficult to reconcile with the exchange requirements outlined in the Stabilization Fund. Anglo-American trade problems are particularly important because of the widespread influence of the dollar-sterling relationship. Press reports from the meetings were significantly lacking in any evidence that these fundamental questions had been discussed by the conference.

CONGRESSIONAL ACTION NEEDED. No criticism of the conference, however, can minimize

the achievement of the technical experts at Bretton Woods, representing more than forty nations. But there is every indication that serious objections to the program will be raised, at least in the United States Congress, and possibly in the British Parliament—although a debate on the Stabilization Fund was held in both the House of Lords and in the Commons previous to the Bretton Woods meeting. During the conference itself Senator Robert Taft, Republican of Ohio, stated that in his opinion no agreement for an international monetary fund on the terms discussed at Bretton Woods would be approved by either the Senate or the House. Apprehension on this score had already been heard in London, during the House of Lords debate on May 23 when Lord Perry, designating the United States as the father of the Fund, feared that "when it is accepted," he might "renounce his offspring" as was done in the case of the League of Nations.

Congressional action on the Bretton Woods agreements will take time, if for no other reason than that an appropriation of nearly \$6,000,000,000 will be involved. The United States quota for the proposed Stabilization Fund is \$2,750,000,000, and for the proposed Bank, \$3,175,000,000. Delay will also arise because of the technical nature of the proposed institutions, for adequate explanations will have to be furnished by government officials to the country at large as well as to Congressional committees.

CRUCIAL POSITION OF U.S. The Stabilization Fund has generated more opposition than the Bank, largely due to the fact that short-term lending for commercial purposes—so intimately bound up with fluctuations in the rate of exchange between different currencies—appears more complicated than long-term capital investments, even though the latter be foreign investments. In both cases the size of the United States quotas has been criticized; and much of the opposition will eventually center on the charge that the two schemes have for their purpose the distribution abroad of unlimited American capital.

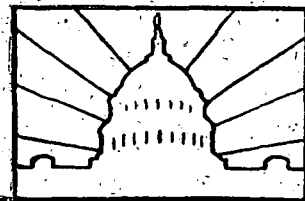
It is to be hoped, however, that discussion of the Fund and Bank will be conducted objectively. The United States occupies a crucial position in the development of world economic affairs in the decades immediately ahead, and its action on the Bretton Woods plans will be watched eagerly by every nation, since it will indicate the extent to which we are willing to cooperate in any wider economic or political organization envisaged by the United Nations.

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FOREIGN POLICY BULLETIN. Vol. XXIII, No. 41, JULY 28, 1944. Published weekly by the Foreign Policy Association, Incorporated. National Headquarters, 22 East 38th Street, New York 16, N. Y. FRANK ROSS MCCOY, *President*; DOROTHY F. LEET, *Secretary*; VERA MICHELES-DEAN, *Editor*. Entered as second-class matter December 2, 1921, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Three Dollars a Year. Please allow at least one month for change of address on membership publications.

F. P. A. Membership (which includes the Bulletin), Five Dollars a Year
Produced under union conditions and composed and printed by union labor.

Washington News Letter



TOKYO CABINET CHANGE DESIGNED TO MEND ARMY-NAVY RIFT

On June 28, at the height of the battle to wrest Saipan from the Japanese, Secretary of the Navy James Forrestal predicted that Allied forces before long would invade the Netherlands Indies, the Philippines and Japan itself. The speed with which this prediction can be fulfilled, as well as the character of future Allied strategy in the Pacific War, will depend in some degree on the military policy of the new Japanese Cabinet formed on July 22. Officials in Washington regard the change in government as an attempt to improve the conduct of the war and, if possible, enhance Japan's prospects for victory.

JAPAN REMAINS HOPEFUL. Japanese leaders can still find sound reasons for believing in the possibility of winning the war or, at least, of forcing the Allies to accept a compromise. Their forces, strongly entrenched in China along the Yellow Sea, the Sea of Japan and the East China Sea, form a shield against attack from the Asiatic mainland. The nearest Allied sea forces are more than 1,000 miles south and west of the Japanese archipelago. Japan's economic strength is sufficient for many, although not all, its war needs. The United States and Britain, however, do not agree that Japanese leaders have any solid grounds for optimism. The invasion of Guam on July 20 gave the Allies further confidence in their prospects for victory and Japan's unconditional surrender.

The Cabinet change came as a result of the fall of Saipan on July 10, the most disturbing blow to military security and political equanimity that Japan has suffered during the war. Capture of Saipan gave the Allied forces a stronghold 1,439 miles from Tokyo which is usable as a bombing base, and demonstrated the weakness of the policy adopted by Japan in February, according to which the War and Navy Ministers were their own Chiefs of Staff. The first repercussion of Saipan was the resignation on July 18 of General Hideki Tojo, Army Chief of Staff. The following day Tojo retired as War Minister, and also as Prime Minister, a post he had held since October 17, 1941. Aged 60, he was put on the retired list, but it is possible that he may later return to an important position. Field Marshal General Sugiyama, whom Tojo dismissed last February as Chief of Staff, is included in the new Cabinet as War Minister.

An important objective of the Cabinet change was to arouse the Japanese people to greater effort in support of the war. Tojo's extreme militarist attitude in dealing with civilian problems seems to have

caused irritation to those not in uniform. As Governor-General of Korea, General Kuniaki Koiso, the new Prime Minister, has been following a policy of popular conciliation toward the Koreans, who last spring resisted Japanese efforts to mobilize them for labor duty. Aged 64, he graduated from the military academy in 1901. He was Overseas Minister in the Cabinet of Admiral Mitsumasa Yonai, and Prime Minister from January to July 1940. Like Tojo, he belonged to the Kwantung Army, whose war fervor found first expression in the Manchurian war in 1931. The officers of the Kwantung Army at one time advocated war with Russia.

MORE POWER TO NAVY. The most important new appointment is that of Navy Minister Admiral Yonai as deputy Prime Minister, even though *Domei*, official Japanese news agency, describes it as "temporary." Allied observers have reason to believe the Navy has been dissatisfied with its subordinate role under Tojo in making policy decisions. To placate the Navy, Emperor Hirohito on July 20 took what is probably a unique step in Japanese political history. He requested two men—Yonai and Koiso—instead of one man, as is customary, to set up a successor government to Tojo's. Apparently disturbed by its differences with the Army, the Navy employed faltering tactics at Saipan, lost 2 carriers, 2 tankers, and a destroyer, and failed to block the progress of the United States attack. Indications of Yonai's concept of the Navy's role in the future conduct of the war probably will not come until after the battle for Guam. Yonai was Commander-in-Chief of the Japanese fleet from 1935 to 1936 and Minister of the Navy from 1937 to 1939.

CABINET POST FOR INDUSTRIALIST. The Koiso government is, in effect, a National Unity Cabinet. The Prime Minister gave the important post of Minister of Munitions to the industrialist Ginjiro Fujiwara. The Ministry of Munitions is the Japanese equivalent of our War Production Board. President of the Oji Paper Company, Fujiwara has extensive interests in electrical power plants and is associated with the Mitsui combine. One of the foremost industrial problems for Japan is the manufacture of cargo and transport ships. The Japanese government recently admitted to the public on the radio that its program for building wooden ships has fallen short of expectations.

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